

MA TELRIC - DTE 01-20

Inter-Office Facilities – Digital Cross Connect (DCS) Option

Background. In its July 11, 2002 Order (at 364), the Department concluded that:

Verizon's inclusion of DCS investment in the portion of its IOF cost study that is associated with interconnection of facilities is uncontested and reasonable, and accordingly we approve such inclusion. However, Verizon has failed to demonstrate why it cannot offer DCS as an option at the termination end of circuits. TELRIC-based UNE prices should encourage efficient investment and practices by Verizon and CLECs. Allowing CLECs to determine whether they require DCS at the termination end of IOF circuits furthers this goal. Accordingly Verizon must include two options in its IOF cost study, where one corresponds with its as-filed bundled DCS option, and the other offers DCS at the terminating ends on an unbundled basis.

In its January 14, 2003 Order on Reconsideration (at 61), the Department denied Verizon MA's Motion for Reconsideration of this issue stating that: "The Department intends that Verizon offer DCS as an option at the terminating end of IOF circuits, only at those locations where Verizon has installed DCS." In addition, the Department clarified that its July Order did not intend to require Verizon MA to provide unbundled DCS as a standalone UNE.

Response. As stated in Verizon MA's Motion for Reconsideration, the Department's requirement to create two DS1 transport options (*i.e.*, one with DCS at the terminating ends and one without) would be impossible to implement as a practical matter. In locations where Verizon MA has installed a wideband DCS system, it uses the DCS instead of standalone multiplexers and manual cross connection equipment. At those locations, there is no way for Verizon MA to provide DS1 transport without using the DCS, because Verizon MA does not install redundant multiplexers and manual cross connection systems in addition to the wideband DCS systems. Likewise, if Verizon MA has not installed a wideband DCS system at a particular central office, it cannot provide DS1 transport through a DCS system at that central office. Thus, in any given central office, Verizon MA is able to provide DS1 transport in only one way. The concept of offering CLECs an option is unworkable given that Verizon MA has no option with respect to which equipment it will have to use to provide transport from a given location - regardless of the "option" the CLEC orders. Furthermore, even if providing an option were feasible, the network inventory information that would be required to properly administer the billing for such an option is not readily available in the existing order

processing flow and the cost to accommodate an option in that flow would in all likelihood prove to be prohibitive.

Nonetheless, to comply with the Department's Order, Verizon MA has produced costs for IOF with DCS and a lower cost version of IOF without DCS. Because of the difficulty with implementing optional rates, Verizon MA will be forced to offer all IOF service at the lower (without DCS) rate, even in those cases where the provision of such IOF requires use of Verizon MA's DCS.